

Forecasting of the exchange rate dynamics

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Abstract

© 2018, Institute of Advanced Scientific Research, Inc. All rights reserved. The exchange rate is influenced by various factors of the external environment. Periods of sharp depreciation of the national currency of Russia were observed: during the period of economic sanctions, a decline in world oil prices, changes in the policy of the central bank. The study is devoted to the construction of forecasts based on the exchange rate simulation in the short term, taking into account the impact of various external shocks. The economic crisis in Russia in 2014-2015 is caused by two external shocks - the situation on the world energy market and economic sanctions, therefore structural changes in the operation of these two shocks are tested. As a response to external shocks, the Bank of Russia switched to a floating exchange rate policy, which could also affect its dynamics. This internal shock is tested in the work as a structural shift. The research methodology assumes the use of OLS, ARIMA and VAR models for building short-term forecasts of exchange rate dynamics. The results of the testing made it possible to single out the price for oil, inflation and net assets of the central bank as drivers of the ruble exchange rate dynamics. The constructed models are of practical interest for making investment decisions in the short term and conducting macroeconomic policies.

Keywords

ARIMA, Exchange rates, Oil prices, Russian economy, Sanctions, VAR

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